

Notice No.: 02-007

Date: August 16, 2002

Applies to: Phase 2 Public Employees' Retirement System (PERS)
Local Government Employers

Subject: Implementation of PERS Plan 3

Background

On September 1, 2002, PERS Plan 3 implementation begins for local government employers. All current PERS Plan 2 members will have the opportunity to transfer to Plan 3 between September 1, 2002 and May 31, 2003.

New employees that first establish membership on or after September 1, 2002, will have the option to become a member of PERS Plan 2 or PERS Plan 3. The member must make a choice within 90 days of their date of hire into a PERS-eligible position or they will default into Plan 3.

Reporting

Timely Reporting

In a defined contribution plan such as PERS Plan 3, the timing of reports and payments can affect members' investment returns. **Employers are liable for losses caused by late or inaccurate reporting (RCW 41.50.145).** Employers are encouraged to send Plan 3 member contributions and transmittal reports as soon as possible after each pay date to ensure members' contributions are invested without delay.

Reporting Transition

Local government employers can report Plan 3 members for the first time on the September 2002 transmittal report, which is due by October 15, 2002. This transmittal report must be submitted using the Multiple Record Layout (MRL). For reporting questions, refer to *DRS Notice 01-003* and the *Technical Requirements and Reporting Procedures for PERS Plan 3*.

Reporting Negative Defined Contributions

Employers can report negative defined contributions on the transmittal report if the contributions meet **all** of the following criteria:

- The negative contribution is less than 80 percent of the member's Plan 3 contributions, as reported by that employer.
- The amount of the negative contribution is less than \$1,500 of the member's Plan 3 contributions, as reported by that employer.
- The member has not withdrawn their contributions.

If these criteria are not met (e.g., due to reporting an employee that was not eligible for PERS), employers should contact DRS' Employer Support Services (ESS) unit at (360) 664-7200, or toll free at 1-800-547-6657.

Changes to the Edit Messages Report

Each time an employer reports a new member of PERS, the *Transmittal Edit Messages Report* will include a list – titled “Members with 90 Days to Choose Plan” – that identifies each new member's start date and deadline for making a choice between PERS Plan 2 and Plan 3. Use this information to help manage your internal process to ensure the member returns the required paperwork (Member Information Form) to you by the 90th day.

Member Notification

When an employer reports a new member of PERS, DRS will mail a letter to the member reminding them to notify their employer of their plan choice – and that if they do not choose by the 90th day, they will automatically become a member of Plan 3.

Electronic Reporting Services

To support timely and accurate employer reporting, DRS has implemented two new electronic services: Web-Based Employer Transmittal (WBET) and Member Status Verification (MSV).

WBET allows all employers to create and submit Correction Transmittal Reports using the Internet. Employers with less than 130 members per system can switch from paper to WBET for their Regular Monthly Transmittal Reports.

All employers can use MSV to verify the correct plan and/or the retirement status of new employees.

To learn more about these new applications, refer to:

<http://www-app3.wa.gov/drs/eservices/employer/Info/ElectServ.asp>. Employers who have not signed up to use the new electronic services, should contact ESS as soon as possible. For questions, contact ESS at (360) 664-7200, or toll free at 1-800-547-6657.

Forms

Attached are a series of forms that have been revised to include PERS Plan 3. All employers should begin using the enclosed versions of these forms starting on September 1, 2002. Please recycle previous versions of these forms. Five copies of each form are included with this *Notice* – you may make additional copies and distribute them as needed. These forms can be accessed on the DRS Web site: <http://www.wa.gov/DRS/forms/index.htm>.

Enclosed forms and summary of changes:

Forms	Changes
<ul style="list-style-type: none">• Member Information Form• Plan 3 Change of Investment Program Form• Transmittal Correction Report*	Revised due to optional nature of PERS Plan 3.
<ul style="list-style-type: none">• Retirement Status Form	Now includes PERS Plan 3.
<ul style="list-style-type: none">• Plan 3 Payment Advice Form• Payment Advice Form• Credit Redistribution Form• Beneficiary Designation Form	Only instructions or form references have been updated.

***Note:** *Use only if you are not using WBET or some other electronic method. This form is not available on the DRS Web site.*

DRS Employer Handbook

DRS Employer Handbook updates were mailed to all employers in February and April 2002. Employers should review the updated material to ensure a complete understanding of administrative changes due to the implementation of PERS Plan 3.

Questions?

If you have questions regarding the information in this *Notice*, please contact ESS at (360) 664-7200, or toll free at 1-800-547-6657. You can also contact ESS by e-mail at DRSEmployer@drs.wa.gov. This *Notice* can be accessed on the DRS Web site: <http://www.wa.gov/DRS/employer/drsn/index.htm>.

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